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Scienza delle Finanze. Di GIUSEPPE RICCA-SALERNO. Florence, J. Barbera, 1888. — 12mo, 263 pp.

L' Ideale del Tributo. Dissertazione presentata per conseguire la Laurea in Giurisprudenza. Da ROBERTO CAO. Genova, Tipografia del R. Istituto Sordo-Muti, 1889. — 8vo, 209 pp.

Leerboek der Financiën. De Theorie der Belastingen. Door P. W. A. CORT VAN DER LINDEN. Hoogleraar aan de Faculteit der Rechtsgeleerdheid de Groningen. The Hague, Gebr. Belinfante, 1887. — 8vo, 608 pp.

Leerboek der Staathuishoudkunde. Door N. G. PIERSON. Tweede Deel. Haarlem, De Erven F. Bohn, 1890. — 8vo, xix, 627 pp.

Bijdrage tot de Theorie der Progressieve Inkomstenbelasting. Academisch Proefschrift door ARNOLD JACOB COHEN-STUART, Civiel-Ingenieur. The Hague, Martinus Nijhoff, 1889. — 8vo, 205 pp.

The study of the science of finance, on which there is not yet a single book in English, continues to be prosecuted with great activity on the continent. In some respects the best work on certain lines has recently been done by the two nations with whose literature we are the least familiar, the Italian and the Dutch. It is worth while to call attention to a few of the late books on general theory.

Professor Ricca-Salerno's *Scienza delle Finanze* is only a compendium, but it is noteworthy for its clear and succinct discussion of fundamental problems. It deals very little with facts, and never with details, but attempts to lay down guiding principles. It is in some respects more difficult to write a small work than a large one, and Ricca-Salerno might easily have expanded his volume had he so chosen; for his previous elaborate works on the *History of Fiscal Doctrines in Italy* and the *Theory of Public Debts* show that he is fully acquainted with all the literature of the subject. In this little work he discusses first what he considers the three principal doctrines of public finance—the consumption, the exchange and the production theories. Many of his observations show great acuteness, but his criticisms as well as his conclusions are based chiefly on those of Sax. He treats of the doctrine of benefits and the doctrine of faculty in matters of public revenue; but like most of the continental writers he distinguishes only between fees and taxes. The theoretical importance of the doctrine of special assessments is neglected by European writers, because the institution is primarily American. It will remain for American writers to make a distinct contribution to public finance on this point. Ricca-Salerno's attempt always to find the

golden mean sometimes brings him into difficulties, as in the case of progressive taxation, which he says is not a matter of theory at all, but of practice. The theory of incidence is passed over a little too summarily, but the results of recent studies are shown in the application of the final-utility theory to fiscal problems. On the whole the little work is important, not so much because of any new views, as on account of the eminently lucid presentation, in small compass, of the fundamental doctrines.

Just as Ricca-Salerno bases his general discussion on Sax, Cao in his *Ideale del Tributo* bases his treatment on Ricca-Salerno. Cao's work is a doctor's thesis, and although very pretentious, makes really no advance whatever. In the few points where he differs from Ricca-Salerno, his efforts are not very successful. It is the work of a faithful, painstaking student, whose mental horizon is confined to the view opened up by his teacher. His sad lack of originality is seen especially in the discussion of progressive taxation.

Very different on the whole is the impression made by the recent Dutch works. The writers of Holland are by no means as well known as they deserve to be. The contest between the schools, that has agitated Germany and Italy and has spread to England and America, never affected Holland. The Dutch writers pursued the even tenor of their way in harmony, accepting what was best in both schools, and developing on independent lines. This harmony is in great part due to the leader of the Dutch economists, M. G. Pierson, who from the very outset, two decades ago, accepted Jevons's theories. The final-utility theory of value had been accepted and developed in many of its applications in Holland years before the so-called Austrian school made itself talked of. And on the other hand Holland has not been lacking in those who devoted themselves especially to the historical and statistical side of economics, without thinking, however, that they possessed all the truth. The science of finance was treated in a somewhat later stage of the Dutch development, but with equal success.

One of the most recent treatises is Cort van der Linden's *Leerboek der Financiën*, which deals, however, in this volume only with taxation. After a general discussion on the nature and importance of public revenues, the author treats of the three divisions of taxation, as based respectively on the legal, the economic and the fiscal principles. The legal principles are those of equality, of what he calls social policy, and of universality. The economic principles deal with the pressure and the shifting of taxation. The fiscal principles are those of adequacy, fixity, elasticity, and least possible detriment to production and exchange. This division is perhaps not entirely unexceptionable, but the discussion is satisfactory except in the troublesome paragraphs on incidence. An important part of the work is the administrative side, such as the

methods of payment, control, remedies and penalties. This includes both an historical and a comparative discussion, and attempts to draw some general conclusions. The author divides taxes into taxes on product (*ontvangstbelastingen*), taxes on expense, taxes on exchange and taxes on income, and compares the systems in England, Germany, France and Holland. While not making any noteworthy contribution to theory, van der Linden's work is welcome as extending our material for a comparative science of finance.

A more important treatise is Pierson's *Leerboek der Staatshuishoudkunde*, of which the first part was published in 1884. Over half of the present volume is concerned with public finance; although many of the problems had already been dealt with by M. Pierson in his *Grondbeginselen der Staatshuishoudkunde* several years ago. Pierson's treatment is characterized by broad touches. He is thoroughly at home with all the recent continental, English and even American literature, and tries to get to the bottom of many difficult problems. He is one of the first to attempt a comprehensive theory of incidence of taxation, combining Schäffle's amortization theory with some more eclectic views. He sharply criticizes Mill's treatment of the principle of equality of taxation, and constructs his whole theory on the principle of faculty. Everywhere the subject is treated with a master hand. It is not so much a work for the beginner, as for the advanced student who desires to analyze more carefully the leading theories of modern public finance. I wish to call attention to only one point, in which Pierson discusses the work of Cohen-Stuart.

One of the most perplexing and most mooted questions in public finance is that of progressive taxation. The history of this interesting problem has never yet been adequately written. It is noteworthy that the most elaborate recent discussion has been conducted by Dutch writers. The works of Treub, *Ontwikkeling en verband van de Rijks- [etc.] belastingen* (1885), of Bok, *De Belastingen in het Nederlandsche Parlement van 1848-1888* (1888), of Mees, *De Progressieve Inkomstenbelasting* (1889), and of Minderhoud te Sneek, *Bijdrage tot de Kennis der Inkomstenbelasting* (1889), all treat of this subject. But by all means the ablest is the work of Cohen-Stuart, *Bijdrage tot de Theorie der Progressieve Inkomstenbelasting*. Although the work is a doctor's dissertation, the author is no longer a very young man, and the monograph is marked by an unusual maturity of thought.

Cohen-Stuart begins with defining equality of sacrifice. Looked at from the subjective point of view there are four consequences of a tax: (1) The sacrifice of the money taken; (2) the sacrifice of the enjoyments which the money might have procured; (3) the sacrifice of the proportion which this amount of enjoyment bears to the total enjoy-

ments at the disposal of the taxpayer, which he calls for short simply the sacrifice ; (4) the moral effect produced or the pain. With the latter economics has nothing to do. Equality of money sacrifice (*gelijk geldsoffer*) means that precisely the same sum be taken from everyone ; equality of sacrifice of enjoyment (*gelijk genotsoffer*) means that all shall be deprived of equal enjoyments ; equality of sacrifice (*gelijk offer*) means that everybody is to pay so much that the total enjoyment of each shall be diminished in relative proportion. That is, equality of sacrifice means proportional sacrifice of enjoyments (*evenredige hooftelheid genot*). Cohen-Stuart takes a long time to explain this, which is afterwards adopted by Pierson as a great discovery. But in reality there is nothing new about it. It is precisely what John Stuart Mill expressed in slightly different words. Thus far we have much ado about nothing.

Cohen-Stuart then discusses the idea of faculty (*draagvermogen*) and accepts von Scheel's definition that the "measure of faculty is the income which can be made use of for purposes of taxation, with a due regard for the standard of life." Faculty necessarily implies, so he thinks, exemption of the minimum of existence. And since faculty is conditioned by equality of sacrifice, the demand of just taxation is as follows : "To tax the individual so that the amount of enjoyments of which he is deprived through the tax may be proportional to the total amount of enjoyments attainable through his economic condition, deducting that part which consists in the satisfaction of his absolutely necessary wants." This problem he thinks can be solved only by mathematics, since the relation between enjoyment and income is really a mathematical relation. He uses Jevons's nomenclature and maintains that the final utility of any quantity of income varies in some inverse ratio to the whole income. The curve which expresses this change he terms the line of utility (*nuttigheids-lijn*).

We now come to the really novel part of the book. Most of the Dutch writers mentioned above, like many of their predecessors in other countries, maintain that a fall in the line of utility of itself necessarily leads to progressive taxation ; and that since our wants become relatively less urgent as we rise in the scale of income, progressive taxation is the corollary of equality of sacrifice. Cohen-Stuart, on the contrary, gives a number of acutely designed diagrams and tables to show that a gradual fall in the line of utility may lead to proportional and even to regressive, as well as to progressive taxation. There is no space to reproduce these tables here, but there is no doubt that Cohen-Stuart proves conclusively that the arguments hitherto advanced in favor of a definite rate of progressive taxation are untenable.

Cohen-Stuart then endeavors to show how a definite rate of progres-

sion may be mathematically constructed, and progressive taxation thus be rescued from the charge of arbitrariness. He starts with the hypothesis that the final utility of a definite part of income varies exactly in inverse proportion to the total income, or in other words that the same percentage of income affords everyone an equal satisfaction. He then constructs three tables and diagrams on the assumption that the actual line of utility curves either more or less than his hypothetical line. And he finds that, when we neglect the minimum of subsistence, the rate of progression which is to produce equality of sacrifice differs very little in all three cases. From this he infers that his hypothetical line stands a very good chance of being the actual line. And in conclusion he lays down the general rule: "Arithmetical increase of the tax rate with geometrical increase of the income up to a definite point, when progression is to be replaced by proportion."

It is impossible to give here the details of the ingenious reasoning. But it may be said that Cohen-Stuart is not successful in proving his main thesis. The work is important mainly from the critical point of view. He is always acute and suggestive, and has undeniably put the discussion of progressive taxation one step forward. Even if his own positive conclusions are not tenable, his exposition has so enriched the treatment of some of the fundamental problems of public finance, that all future writers will have to reckon with it. The question of progressive taxation will have to be argued henceforth on a different plane.

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Handbuch der Politischen Oekonomie. Herausgegeben von Dr. GUSTAV SCHÖNBERG. Dritte Auflage. Tübingen, 1890-91. — 3 vols., 4to, xiii, 790; xiii, 1128; xiii, 1164 pp.

It is a gratifying evidence of the interest taken in economic studies to-day that three editions of this stupendous handbook should have been called for within eight years. For although nominally a handbook, it is really a complete collection of extensive treatises on every imaginable topic of political and social economics, finance and administration, in which Professor Schönberg has called to his aid most of the prominent economists of Germany. The work in its earlier editions is so well known and so indispensable to students that it will be necessary to note only the changes or additions that have been made in the present issue.

The first point that strikes the reader is the division of the work into three volumes, instead of two. The third volume, now the largest of all, is devoted exclusively to public finance and administration, and